

**CALIFORNIA BOARD OF ACCOUNTANCY**

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President's Message



Robert Petersen, CPA
President

*G*reetings. It is an honor to serve as President of the California Board of Accountancy, and I look forward to the opportunities we face in the year ahead. Allow me to introduce our other Board officers for 2009: Manuel Ramirez, CPA, is Vice-President and Lorraine Hariton is our Secretary/Treasurer. I also wish to thank past Board President Donald Driftmier, CPA, for his leadership of the Board during his term.

As President of the Board, I'd like to share some important developments with you. The Board is sponsoring legislation we believe will increase consumer protection, educate licensees, enforce standards, and raise the quality of the accounting profession in California. On January 20, 2009, Assembly Bill 138 (AB 138) was introduced by Assembly Member Mary Hayashi (D-Hayward). Once law, AB 138 will establish a peer review program in which all California-licensed firms performing accounting and auditing services will participate.

With the growing demand for increased transparency in all areas of business, the Board believes that mandatory peer review for all California-licensed firms providing accounting and auditing services is necessary and advantageous to both the profession and California consumers.

Forty-one other jurisdictions presently require mandatory peer review for licensure or license renewal. If California is to remain a leader in consumer protection and regulation of the accounting profession, it must move forward with a mandatory peer review program that well-serves both of these elements. You will find more information on AB 138 and our efforts regarding peer review inside this issue of *Update*.

You will also find other important information within these pages, including proposed Continuing Education (CE) changes, CE Audits and recruitment

(Please see President's Message, continued to page 2)

Update

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President's Message (continued from page 1)

of Investigative CPAs in our Enforcement program, in addition to our regular features. I hope you will find this edition of *Update* informative and helpful as we work together to serve California consumers.

I would also encourage you to visit the Board's Web site, www.cba.ca.gov and take the Customer Satisfaction Survey listed under "Quick Hits." Customer service is a priority at the Board, and your input is greatly appreciated. We are already making improvements to customer service, including making certain that callers to the Board office are greeted with a "live" person whenever possible and streamlining processes and improving timeframes. Remember too, that licensees are always invited to attend our Board meetings. You will find the meeting schedule on this page as well as on our Web site. I hope you will join us soon.

Robert Petersen, CPA
President, California Board of Accountancy

Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832

Future Meetings

May 7, 2009

Administrative Committee Meeting

The Westin Hotel Los Angeles Airport
5400 West Century Boulevard
Los Angeles, California 90045
(310) 216-5858

May 14-15, 2009

Board/Committee Meetings

Sacramento Marriott Rancho Cordova
11211 Point East Drive
Rancho Cordova, California 95742
(916) 638-1100

July 8, 2009

Qualifications Committee Meeting

Northern California

July 23-24, 2009

Board/Committee Meetings

Fairmont Newport Beach
4500 MacArthur Boulevard
Newport Beach, California 92660
(949) 476-2001

August 6, 2009

Administrative Committee Meeting

Hilton Sacramento Arden West
2200 Harvard Street
Sacramento, CA 95815
(916) 922-4700

September 24-25, 2009

Board/Committee Meetings

San Diego, California

October 21, 2009

Qualifications Committee Meeting

Southern California

November 5, 2009

Administrative Committee Meeting

Southern California

November 19-20, 2009

Board/Committee Meetings

San Francisco, California

Board, committee, and task force meetings are open to the public. Licensees are encouraged to attend.

As meeting locations become known, they will be posted on the Board's Web site at www.cba.ca.gov and also are available by telephoning the Board's office at (916) 263-3680.

Public notices and agendas are posted to the Web site at least 10 days prior to meetings.

Protect Consumers
Educate Licensees
Enforce Standards
Raise the Bar
R E V I E W

*T*he California Board of Accountancy (Board) is sponsoring legislation it believes will protect consumers, educate licensees, enforce standards, and raise the bar for the accounting profession in California. Assembly Bill 138 (AB 138), introduced in January by Assembly Member Mary Hayashi (D-Hayward), will implement a peer review program in which all California licensed firms performing accounting and auditing services will participate.

"Peer review is designed to educate licensees and help them maintain a currency of knowledge," said Patti Bowers, the Executive Officer of the Board. "It is also an important tool for consumer protection. Consumers can be sure that their Certified Public Accountant is up to date on professional standards."

Under AB 138, all California firms providing accounting and auditing services will complete a periodic peer review. Peer review is a study of a firm's accounting and auditing practice by an independent Certified Public Accountant using professional standards. Forty-one other jurisdictions have already implemented a peer review requirement, and AB 138 will raise the bar to keep California on par with this trend for the profession.

The Board sees the measure as a way to protect consumers in an ever-changing financial climate by keeping accounting firms knowledgeable of current professional standards, thereby promoting consumer confidence in these firms.

"AB 138 will enhance the quality of accounting and auditing services provided by firms in California," explained Ms. Bowers. "It is educational for the licensee, and it helps boost consumer confidence. Mandatory peer review benefits everyone."

The text of the bill, as well as additional legislative information, can be found on the Internet at www.leginfo.ca.gov. If you would like to express your opinion regarding this legislation, please write a letter to your Assembly Member or State Senator at State Capitol, Sacramento, CA 95814. ♦

Customer Satisfaction Survey

The Board is committed to providing the highest level of customer service possible. To achieve this goal, the Board has dedicated itself to the continuous assessment and improvement of the quality of services offered. A fundamental element in this process is the collection of feedback from individuals that contact Board staff. As such, a Customer Satisfaction Survey, now located on the Board's Web site, has been developed and made available to all interested parties.

The survey requests that respondents describe their perception and observations of contact with Board staff, and to rank several key components of service—including courtesy, response time, accuracy of the Web site, and staff knowledge. The information gathered from the survey is being used to assist the Board in assessing its strengths and weaknesses. This will enable the Board to focus on improving specific service components where needed, and to ensure that consumers, applicants, and licensees receive the greatest level of customer service possible.

The Customer Satisfaction Survey first asks respondents to estimate how often they come into contact with Board staff, and later requests answers to the following series of questions on a four-point scale of 'Very Satisfied', 'Satisfied', 'Neutral', or 'Not Satisfied':

- Are you satisfied with the treatment you received while interacting with Board staff?
- Are you satisfied with the timeliness of communication from Board staff?
- Is the information available on the Board's Web site well-organized, thorough, and easy to understand?
- Are you satisfied with Board staff's ability to answer your question(s) when contacting the Board?
- Overall, has the service you received from Board staff met your expectations?

Since the launch of the survey in July 2008, more than 1,800 respondents have participated. To further increase participation, letters promoting the Customer Satisfaction Survey were mailed to all California CPAs on February 10, 2009, informing them that the survey was available on the Board's Web site under "Quick Hits."

Below are actions the Board has taken or intends to take in the near future in response to comments from respondents.

■ **Streamline the CPA Examination application process.**

The Board is continuously looking at ways to streamline processes and improve timeframes. Moving forward, we are implementing a process to monitor processing timeframes on a weekly basis. The Board seeks to process CPA Examination applications within 45 days of receipt and over the past year, we have been able to meet this goal. During the past four months, the processing time has been less than 25 days.

■ **Shorten processing time for CPA Licensure applications.**

On July 1, 2007, the Board received 11 new positions in the Licensing Division, the majority of which were directed to the Initial Licensing Unit to reduce the processing timeframe for issuing licenses. With the receipt of these new positions, the Board made a commitment to maintain a processing timeframe of 30-45 days, with an emphasis on processing CPA licensure applications in 30 days or less.

- **Post CPA Examination scores as soon as possible.**

Advisory CPA Examination scores are posted to candidates' accounts as soon as they are released by the National Association of State Boards of Accountancy (NASBA). Board staff must confirm specific information for each examination candidate prior to posting the final score report, including diagnostic information, into each candidate's client account. Score processing is a priority for Examination Unit staff.

- **Callers to the Board office are greeted by a "live" person whenever possible.**

While the Board does employ a database for voicemail messages, it was not intended to replace live assistance to those who contact the Board via telephone. Effective March 4, 2009, all staff have been directed to log into the telephone system to answer telephone calls "live." This change in service will be monitored to ensure that persons who contact the Board receive a knowledgeable, personable and helpful response from a live person whenever possible.

- **Implement an on-line process for license renewal.**

The Board is currently working with the Department of Consumer Affairs (DCA) on a project that includes an option to renew licenses via an on-line system, and which will also allow for the availability to pay by a credit card. The DCA has indicated that the Board is scheduled to be integrated into this new system in July 2010.

- **Provide information on peer review.**

The Board is developing an outreach plan related to Peer Review, and staff are finalizing brochures and exploring various media outlets to distribute this information.

If you would like to provide your comments on the Customer Satisfaction Survey, the survey is easily accessible on the home page of the Board's Web site under "Quick Hits." The Customer Satisfaction Survey is located at: https://www.cba.ca.gov/forms/csu_survey/csu_survey.html. ❖

Board Reinstates Continuing Education Audit Program

The Board's Renewal and Continuing Competency (RCC) Unit is presently reinstating the Continuing Education Audit Program to ensure that licensees are complying with requirements for continuing education (CE) as specified in the Board of Accountancy Regulations.

Licensees will be randomly pre-selected during the license renewal process and notified approximately 90 days prior to their license expiration date. If renewing a license in an active status, licensees will be instructed to submit documents (*i.e.* certificates of completion) substantiating completion of a minimum of 80 hours of CE reported at the time of renewal, which will be verified against the *CE Reporting Worksheet* accompanying the renewal application.

Licensees will have two options for submitting the required documents:

Option 1: Hardcopy Documents

All hardcopies of CE certificates of completion must be enclosed with the license renewal application, *CE Reporting Worksheet*, and license renewal fee and mailed together to the following address:

Department of Consumer Affairs
PO Box 942501
Sacramento, CA 94258-0501

Option 2: Electronic Documents

The *CE Reporting Worksheet* and accompanying CE certificates of completion that substantiate the courses reported on the *CE Reporting Worksheet* can be scanned as PDF documents and e-mailed directly to the Board's RCC Unit at the following e-mail address: CEAudit@cba.ca.gov.

Licensees are required to retain CE certificates of completion for a period of four years after renewal, and Professional Conduct and Ethics certificates of completion must be retained for a period of six years.

For questions related to the CE audit process, you may contact the RCC Unit by telephone at (916) 561-1702, by facsimile at (916) 263-3672, or by e-mail at renewalinfo@cba.ca.gov. ♦

Contributors to this Edition of *Update*

Patti Bowers, Terri Dobson, Dominic Franzella, Suzanne Gracia,
Rachel Gray, Lauren Hersh, Greg Newington, Deanne Pearce, Dan Rich,
Jenny Sheldon, Theresa Siepert, Matthew Stanley

Are you a licensed CPA interested in using your education and skills to serve your profession and consumers?

Watch for a Recruitment and Examination
Announcement in the mail and
Consider Joining the Board's Enforcement Division!

Investigative Certified Public Accountants at the Board examine a wide range of professional services and conduct issues. These investigators have the satisfaction of seeing positive results from their efforts on behalf of consumers.

The “intangibles” of working for the Board include:

- Consumer Protection – helping consumers by taking disciplinary or enforcement action against CPAs for misconduct or incompetence.
- Regular use of a CPA license and accountancy “body of knowledge” in performing investigations. Opportunities to continually increase knowledge about the accountancy profession.
- The investigatory process itself - it is rather like putting together pieces of a puzzle.
- Interacting with practicing CPAs regarding a wide variety of case issues, and assisting CPAs in improving the quality of their professional services.

What are the benefits of working for the Board?

- Excellent health, dental, and vision plan benefits.
- Vacation, sick, and bereavement leave.
- Fourteen annual paid holidays.
- A generous defined benefit program provided through the California Public Employees' Retirement System, which can be augmented through deferred compensation 401(k) and 457 plans.
- An annual salary bonus of 15 percent is awarded to investigators who provide service for at least 12 months at the maximum salary rate. For investigators continuing in service for another 24 months, the annual bonus payment increases to 20 percent each year thereafter.
- Pays all costs associated with maintaining the required active California CPA license (biennial \$200 renewal fees), as well as provides the time and fees for investigators to complete all professional continuing education requirements.

The Board also:

- Allows investigators to work with a high degree of independence.
- Offers free parking and an onsite physical fitness facility at its Sacramento location.
- Offers a 40-hour work week, with flexible work schedules.

Recruitment Brochures and Examination Announcements should be mailed to all active California-licensed CPAs within the next six months. Watch for this mailing and consider joining the Board's Enforcement Division! ♦

Quality...Commitment...Results.

Appointment Opportunities to the Board's Administrative Committee

Deadline to Apply – September 1, 2009

The Board is actively recruiting licensees with diversified backgrounds who have the technical skills, the interest, and the commitment to serve on the Administrative Committee (AC) for the year 2010. Being a committee member is an opportunity to actively participate in the regulation of the accountancy profession and to become an integral part of an organization charged with providing consumer protection amidst changing consumer demographics and the evolving nature of the profession. Your service benefits both the consumer and the profession.

Committee appointments are for a term of two years; appointed individuals may serve a maximum of four terms. Committee members receive a *per diem* of \$100 for each day spent in the discharge of official duties and are reimbursed under state policies for travel and other expenses incurred in the performance of committee duties.

All applicants requesting appointment to the Board's AC committee must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee. There must also be no pending enforcement actions against the licensee. Candidates will also be reviewed for any results of Qualifications Committee work paper and continuing education reviews.

The AC assists the Board in an advisory capacity with enforcement activities by receiving and investigating complaints against licensees. The committee monitors enforcement investigations, conducts investigative hearings, and may recommend a course of action upon the conclusion of investigations. The committee also considers, formulates and proposes policies and procedures related to the Board's Enforcement Program. This committee is limited by statute to a membership of 13 licensees and meets four to five times a year, generally for one-day meetings, alternating between a northern and southern California city.

Members are chosen from all sizes of firms. The following characteristics are sought in members of the AC:

- Knowledge of SSARS through experience in performing compilation and review services.
- Current knowledge of accounting and auditing pronouncements through experience in accounting or attest services.
- Knowledge of income and estate tax laws and procedures through experience in tax preparation services.

If membership in the AC interests you, please submit a letter of intent with a résumé or *curriculum vitae*, including your CPA license number to:

Patti Bowers, Executive Officer
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, California 95815-3832

As an alternative, you may submit your letter of intent and résumé as attachments via e-mail directly to pbowers@cba.ca.gov. Please do not submit any documents with macros.

Letters of intent with résumés are requested no later than September 1, 2009.

The committee chair will interview qualified applicants and make recommendations to the Vice President of the Board. If an applicant is recommended for appointment, their name will be placed on the agenda for adoption by the Board at its November 2009 meeting.

If you have additional questions about committee responsibilities, committee member qualifications, or the appointment process, please telephone Patti Bowers, Executive Officer of the Board at (916) 561-1718 or e-mail her at pbowers@cba.ca.gov. ♦

Information

Each issue of *Update* contains important information about the public accounting profession, including proposed new regulatory language, notices of hearings on proposed regulation changes, and Board and committee meetings. For your convenience, all issues of *Update* for the past seven years also are posted on the Board's Web site at www.cba.ca.gov.

Attention... Changes to Continuing Education Requirements are coming...

The Board is presently in the process of amending Title 16, Division 1, Article 12 of the California Code of Regulations which governs continuing education (CE) and license renewal. The general purpose of the proposed changes to the CE requirements are as follows: place ethics education at the forefront of the profession, ensure licensees maintain a high level of competency and remain abreast of the continually changing tax laws and professional standards throughout the entirety of the licensure period, and ensure licensees continue to receive exposure to the laws and regulations governing the practice of public accountancy in California.

Below is a summary of some of the significant proposed amendments.

- All licensees renewing a license in an active status will be required to complete four hours of ethics CE every renewal period.
- All licensees renewing a license in an active status will be required to complete a two-hour regulatory review course every six years covering the California Accountancy Act, Board of Accountancy Regulations, and Board enforcement actions.
- All licensees renewing a license in an active status will be required to complete a minimum of 20 hours of CE, with a minimum of 12 hours in technical subject matter, each year of the two-year license renewal period as part of the 80-hour CE requirement.
- All licensees renewing or converting a license from inactive to active status must complete a minimum of 20 hours of CE, with a minimum of 12 hours in technical subject matter, in the one-year period immediately preceding the time of license renewal or status conversion.
- Clarity and consistency of the Board of Accountancy Regulations has been improved by various non-technical changes made throughout Article 12.

The Board will continue to provide outreach as the implementation dates for the above stated changes become finalized. It is suggested that you review the proposed regulation text and information on which the proposed regulations are based on the Board's Web site at www.dca.ca.gov/cba/regulation_notices/art12text09-1.pdf. ♦

Regulation Notice

TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at Fairmont Newport Beach, 4500 MacArthur Blvd., Newport Beach, California 92660, telephone (866) 840-8402, at 1:00 p.m. on July 24, 2009. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office not later than 5:00 p.m. on July 21, 2009 or must be received by the California Board of Accountancy at the hearing. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010 and 5018 of the Business and Professions Code, and to implement, interpret or make specific Sections 138 and 5018 of said Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

1. Adopt Section 50.1 Title 16 of the California Code of Regulations.

Section 5018 of the Business and Professions Code authorizes the California Board of Accountancy to adopt regulations to implement, interpret, or make specific the statutory provisions related to the rules of professional conduct. Section 138 of the Business and Professions Code requires that licensees provide notice to their clients that the practitioner is licensed by the State of California.

This proposal would adopt Section 50.1 to clarify that an attest client or prospective attest client must be notified about the ownership composition of an accountancy firm if none of the licensee owners are authorized to sign reports on attest engagements.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: Insignificant

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 through 17630 Requires Reimbursement: None

Business Impact:

The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies/relevant data were relied upon in making the above determination: None

(Please see Regulation Notice, continued to page 12)

*Regulation Notice (continued)*Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact on Representative Private Person or Business:

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to the California Board of Accountancy are insignificant.

Effect on Housing Costs: None**EFFECT ON SMALL BUSINESS**

The California Board of Accountancy has determined that the proposed regulations would affect small businesses.

CONSIDERATION OF ALTERNATIVES

The California Board of Accountancy must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The California Board of Accountancy has prepared an initial statement of reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the Web site listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Matthew Stanley
 Address: California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815

 Telephone No.: (916) 561-1792
 Fax No.: (916) 263-3678
 E-Mail Address: mstanley@cba.ca.gov

The backup contact person is:

Name: Dan Rich
 Address: California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815

 Telephone No.: (916) 561-1713
 Fax No.: (916) 263-3675
 E-Mail Address: drich@cba.ca.gov

Web site access: Materials regarding this proposal can be found at www.cba.ca.gov.

PROPOSED REGULATORY LANGUAGE

Section 50.1- Attest Client Notification Regarding Composition of Firm Ownership.

Any licensee employed by a firm in which no licensee owners are authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095 must, prior to engaging in attest services, provide written notification to any attest client or prospective attest client of the ownership composition of the firm. Notice shall be provided by any of the following methods:

(a) Providing a statement to the attest client or prospective attest client to be signed and dated by the client and retained in the client's records, which states the client or prospective client understands that no firm owners are authorized to sign reports on attest engagements.

(b) Posting a written notice on the firm's Internet Web site, disclosing all owners' names and whether each is authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095.

Note: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Sections 138 and 5018, Business and Professions Code.

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Authority and Reference: Pursuant to the authority vested by Sections 5010, 5095 and 5096.9 of the Business and Professions Code, and to implement, interpret or make specific Sections 5095 and 5096.5 of said Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

1. Adopt Section 2.6 Title 16 of the California Code of Regulations.

Sections 5010, 5095, and 5096.9 of the Business and Professions Code authorize the California Board of Accountancy to adopt regulations to implement, interpret, or make specific the statutory provisions related to attest services and attest reports. Sections 5095 and 5096.5 of the Business and Professions Code sets forth the requirements for a licensee to be authorized to sign attest reports.

This proposal would adopt Section 2.6 to clarify and define "attest services" and "attest report" as an audit, a review of financial statements, or an examination of prospective financial information, but would exclude the issuance of compiled financial statements.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: Insignificant

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 through 17630 Requires Reimbursement: None

Business Impact:

The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies/relevant data were relied upon in making the above determination: None

Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact on Representative Private Person or Business:

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to the California Board of Accountancy are insignificant.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The California Board of Accountancy has determined that the proposed regulations would affect small businesses.

CONSIDERATION OF ALTERNATIVES

The California Board of Accountancy must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The California Board of Accountancy has prepared an initial statement of reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

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2000 Evergreen Street, Suite 250
Sacramento, CA 95815

Telephone No.: (916) 561-1713
Fax No.: (916) 263-3675
E-Mail Address: drich@cba.ca.gov

Web site access: Materials regarding this proposal can be found at www.cba.ca.gov.

PROPOSED REGULATORY LANGUAGE**Section 2.6 - Definition of Attest Services and Attest Report.**

Attest services as used in Section 5095 of the Business and Professions Code and attest report as used in Section 5096.5 of the Business and Professions Code include an audit, a review of financial statements, or an examination of prospective financial information. Attest services shall not include the issuance of compiled financial statements.

Note: Authority cited: Sections 5010, 5095 and 5096.9, Business and Professions Code. Reference: Sections 5095 and 5096.5, Business and Professions Code.

Enforcement Actions and Standard Probationary Terms

When the Board receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Board's Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs' Division of Investigation.

Following this investigation, or for other reasons, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

The Board may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the Board or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the Board, and cooperate fully with representatives of the Board in its monitoring and investigation of the respondent's compliance with probation terms and conditions.
- Be subject to, and permit a "practice investigation" of the respondent's professional practice. Such "practice investigation" shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the Board.
- In the event respondent should leave California to reside or practice outside this state, respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the Board.
- If respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary and/or enforcement order that was stayed. If an accusation or a petition to revoke probation is filed against respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.
- Upon successful completion of probation, respondent's license will be fully restored.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered by the Board, or the matter may be settled. The Board may either accept the proposed decision or decide the matter itself. Please note that Board actions reported here may not be final. After the effective date of the Board's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the Board's decision or return the decision to the Board for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary and/or enforcement actions are available by sending a written request to: California Board of Accountancy, Attention: Disciplinary/Enforcement Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow ten days for each request.

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>GREENBERG, DAVID B. Irvine, CA (CPA 61580)</p> <p>Revocation of CPA Certificate, via default decision.</p> <p>Effective February 23, 2009</p>	<p>Mr. Greenberg while a tax partner at KPMG LLP participated in employing various means to conceal from the IRS and other taxing authorities fraudulent tax shelters. Mr. Greenberg's involvement or acquiescence resulted in:</p> <ul style="list-style-type: none"> · The failure of KPMG to register the tax shelters. · The preparation of, or causing to be prepared, false or fraudulent documentation supporting the implementation of the tax shelters. · The preparation and/or causing to be prepared or participating in the preparation and/or filing of income tax returns that contained the fraudulent tax shelter losses. <p>Mr. Greenberg conspired with unlicensed persons to devise, market, and/or implement the fraudulent tax shelters.</p> <p>Mr. Greenberg also knowingly filed his own income tax returns with the taxing authorities for tax years 1999-2004 that contained the fraudulent tax shelter losses.</p>	<p>Business and Professions Code, Division 1, Chapter 1, § 125, Division 3, Chapter 1, §§ 5100, 5100 (c), (g), (i), and (j). California Code of Regulations, Title 16, Division 1, § 58.</p>

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
KARDOS, SANDRA EVE Van Nuys, CA (CPA 17488) Revocation of CPA Certificate, via proposed decision. Ms. Kardos shall return all requested accounting records to complainant or designated accountant. Ms. Kardos is required to reimburse the Board \$13,780.11 for its investigation and prosecution costs. Effective September 1, 2008	<p>Ms. Kardos is subject to disciplinary action following disbarment from practice before the Internal Revenue Service by order of the IRS on or about October 2, 2006. The facts are that the United States Department of Treasury, Director of Professional Responsibility, filed a complaint on November 1, 2004, alleging that Ms. Kardos engaged in disreputable conduct. Ms. Kardos filed an answer. The matter was set for hearing in August 2006 but neither Ms. Kardos, nor a designated representative, appeared. Therefore, a Default Decision was entered in favor of the IRS.</p> <p>Ms. Kardos is subject to disciplinary action for failing to report to the Board her disbarment from practice before the IRS and for failing to respond to the Board's request for a written explanation of the facts and circumstances that led to the disbarment.</p> <p>Ms. Kardos is subject to disciplinary action for her failure to respond to the Board's written requests regarding complaints filed against her by a client.</p> <p>Ms. Kardos is subject to disciplinary action on the grounds of unprofessional conduct in that she demonstrated gross negligence in failing to exercise due diligence when processing and filing Forms W-2 and W-3 and failing to timely file state and federal income tax returns, as they relate to client F-W, Inc.</p> <p>Ms. Kardos is subject to disciplinary action in that she failed to provide client records requested by or on behalf of F-W Inc.</p>	Business and Professions Code, Division 3, Chapter 1, §§ 5037(b), 5063(a)(3), and (e), 5100(c), (g), and (h). California Code of Regulations, Title 16, Division 1, §§ 52 and 68.

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>MATHIASEN, RAYMOND LEROY Encino, CA (CPA 14425)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p>Mr. Mathiasen agrees that if he applies for re-licensure or reinstatement of his license, he may be required to pay the Board costs of investigation and enforcement in the amount of \$3,678.43.</p> <p>Effective September 1, 2008</p>	<p>Mr. Mathiasen admitted that on or about June 8, 2007, the Securities and Exchange Commission (SEC) suspended Mr. Mathiasen from practicing before the SEC as an accountant. Mr. Mathiasen also admitted that he did not report the opening of the SEC's formal investigation against him and did not report the SEC's suspension to the Board.</p> <p>The SEC's imposition of discipline was based on its complaint that alleged that while serving as the Chief Accounting Officer for Tenet Healthcare, Mr. Mathiasen participated in a fraudulent scheme in which Tenet made misleading disclosures in its SEC filings for its fiscal year ending May 31, 2002, and the first quarter of its fiscal year 2003 ending August 30, 2002. Mr. Mathiasen consented to the entry of the SEC's judgment without admitting or denying the allegations of the SEC's complaint.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (h) and (l).</p>

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>MILLER, LAURENCE K. Sherman Oaks, CA (CPA 9845)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p>Mr. Miller agrees that if he applies for re-licensure or reinstatement of his license, he may be required to pay the Board the costs of investigation and enforcement in the amount of \$3,797.70.</p> <p>Effective October 26, 2008</p>	<p>Mr. Miller agrees that the charges and allegations in Accusation AC-2009-5, if proven at hearing, constitute cause for imposing discipline upon his CPA certificate.</p> <p>The Board's accusation outlined the circumstances supporting the imposition of discipline. The accusation contains the following allegations: Mr. Miller acted as his clients' accountant for more than 20 years, and for several years prior to 2005, Mr. Miller agreed to and actually paid the estimated taxes for his clients. In or about 2005, Mr. Miller's clients agreed to make checks payable to Mr. Miller's "Trust Account" from which Mr. Miller would pay estimated taxes on behalf of his clients. In 2005, Mr. Miller's clients gave him checks totaling \$146,000, which were to be used for payment of estimated taxes. Mr. Miller prepared the 2005 California State tax return for his clients in which Mr. Miller included \$145,950 as estimated tax payments. However, Mr. Miller failed to send the estimated tax payments to the California State Franchise Tax Board on behalf of his clients. Mr. Miller did not return the \$146,000 to his clients.</p> <p>In a civil matter filed by his clients against Mr. Miller, a default judgment was entered against Mr. Miller in the amount of \$388,801.57. The civil matter was based on allegations that Mr. Miller committed fraud and embezzlement among other charges, over multiple years, including, but not limited to, the allegations and charges discussed above.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c), (i), (j) and (k).</p>

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
RASSAM, BERDJ JOSEPH San Diego, CA (CPA 63050) Revocation of CPA Certificate, via default decision. Effective April 28, 2008	<p>On February 27, 2007, Mr. Rassam entered a guilty plea to securities fraud in a criminal proceeding in the United States District Court.</p> <p>While employed as the Vice President of Finance and Chief Accountant at Peregrine Systems, Inc., Mr. Rassam participated in a scheme to fraudulently manipulate Peregrine's publicly-filed financial reports in order to inflate and sustain Peregrine's share price. Mr. Rassam falsely characterized accounts receivable write-offs as unrelated acquisition costs. Mr. Rassam admitted that he did this in order to conceal the amount and extent of Peregrine's uncollectible receivables, and to mislead securities analysts and the investing public as to Peregrine's true financial condition.</p>	Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (i), (j), and 5063(a)(1).
.....		
STOCKTON, RICK ALLEN San Diego, CA (CPA 89190) Revocation of CPA Certificate, via default decision. Effective October 26, 2008	<p>Mr. Stockton has subjected his license to disciplinary action for unprofessional conduct. Mr. Stockton was convicted by plea of guilty for several felonies for lewd acts upon a child under age 14 with an enhanced count for substantial sexual conduct with the child.</p> <p>Mr. Stockton failed to report his felony convictions within 30 days after his guilty pleas were entered.</p>	Business and Professions Code, Division 1.5, Chapter 3, § 490, Division 3, Chapter 1, §§ 5100 (a), 5063 (a)(1)(A-B).

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
VANDERVORT, REV EMERSON Orange, CA (CPA 82560) Revocation of CPA Certificate, via default decision. Effective December 26, 2008	<p>Mr. Vandervort, after being engaged to prepare personal tax returns, failed to complete and provide returns for two tax clients for the year ended December 31, 2006, and for one client for the year ended December 31, 2007.</p> <p>Mr. Vandervort did not return client income tax records to the three clients despite their repeated requests by telephone and written correspondence.</p> <p>Mr. Vandervort prepared and signed a corporation income tax return for the year ended December 31, 2006, during a period in which his license to practice public accountancy was expired.</p> <p>Mr. Vandervort did not respond within 30 days to written inquiries from the Investigative CPA.</p>	Business and Professions Code, Division 3, Chapter 1, §§ 5037, 5050, 5100 (c), (g), and (i). California Code of Regulations, Title 16, Division 1, §§ 52 and 68.

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>WACHTEL, DOUGLAS R. Redwood City, CA (CPA 52277)</p> <p>Revocation of CPA Certificate, via stipulated settlement.</p> <p>Mr. Wachtel is ordered to pay the Board its reasonable costs of investigation and prosecution should the Board reinstate his certificate in the future.</p> <p>Effective October 26, 2008</p>	<p>Mr. Wachtel served as the Controller of NextCard, Inc. from 1998 to 2003. The Securities and Exchange Commission (SEC) filed a civil suit in September 2004 in the Federal District Court, Northern District of California, entitled <i>Securities and Exchange Commission v. Jeremy R. Lent, John V. Hashman, Yinzi Cai, Douglas Wachtel and Bruce Rigione, Defendants</i> (Case No. C-04-4088-CW).</p> <p>The SEC's Complaint alleged that Mr. Wachtel and the other defendants, all former officers of NextCard, engaged in a fraudulent scheme which resulted in NextCard filing materially false and misleading financial statements in the company's annual report on Form 10-K for the fiscal year ended December 31, 2000, and in the company's quarterly reports on Form 10-Q for the first two quarters of fiscal year 2001. The Complaint alleged that Wachtel and the other defendants failed to disclose several changes in NextCard's accounting policies, including: (1) the reclassification of certain credit losses as fraud losses; and (2) changes in NextCard's policy for calculating its loan loss reserve. According to the Complaint, as a result of these undisclosed accounting policy changes, investors were misled and denied material information concerning the rising levels of losses on NextCard's credit card portfolio.</p> <p>Mr. Wachtel consented to the entry, on October 26, 2006, of a Final Judgment, in which he, without admitting or denying the allegations of the Complaint, agreed to the imposition of a permanent injunction for violating sections of the Securities Act and the Exchange Act; his disgorgement of \$21,000, representing his sale of NextCard common stock, together with prejudgment interest in the amount of \$1,223; and payment of civil penalties in the amount of \$71,000. Mr. Wachtel was also prohibited for five years from</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).</p>

(Please see Wachtel, continued to page 25)

Enforcement Actions 4/28/08 through 2/23/09

Revocation of CPA Certificate

Name/Board Actions	Cause for Discipline	Violation(s) Charged
WACHTEL, DOUGLAS R. (Cont'd)	<p>acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.</p> <p>A second SEC proceeding, an administrative proceeding captioned <i>In the Matter of Douglas Wachtel (CPA), Respondent</i>, Exchange Act Re. No. 55133, was resolved on January 19, 2007, by the issuance of an <i>Order Instituting Administrative Proceedings Pursuant to Rule 109(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions</i> against Mr. Wachtel. Mr. Wachtel consented to the entry of the SEC's order suspending him from appearing or practicing before the SEC as an accountant. The Order provides that Mr. Wachtel may request that the SEC consider his reinstatement after 5 years from the date of the Order, that is, after January 19, 2012.</p>	

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
AFFONSO, DALE ALBERT Hermosa Beach, CA (CPA 29994) Surrender of CPA certificate, via stipulated surrender. Effective October 26, 2008	Amended Accusation No. AC-2009-3 contains allegations that Mr. Affonso while a tax partner at KPMG LLP participated in devising, marketing and implementing fraudulent tax shelters. The Accusation further alleges that Mr. Affonso participated in preparing and causing to be prepared, and filing and causing to be filed with the IRS, false and fraudulent U.S. individual income tax returns containing the fraudulent tax shelter losses. Mr. Affonso denies each and every charge and each and every allegation contained within the Amended Accusation. For purposes of settlement however, as Respondent no longer wishes to practice as a Certified Public Accountant, Mr. Affonso has agreed to surrender his CPA Certificate No. 29994.	Business and Professions Code, Division 3, Chapter 1, § 5100 (c) and (g).

Enforcement Definitions

Accusation

A formal document that notifies a licensee of the Board's charges against the licensee.

Cost Recovery

The licensee is ordered to pay the Board certain costs of investigation and prosecution including, but not limited to, attorney fees.

Default Decision

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The Board takes action without a hearing based on the accusation and documentary evidence on file.

Effective Date

The date the disciplinary decision becomes operative.

Probation

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

Reinstatement

A revoked license that is restored, not sooner than one year from the date of revocation, to a clear or inactive status after petition to and approval by the Board. Reinstatement may include probation and/or terms and conditions.

Revocation

The individual, partnership, or corporation no longer is licensed as a result of a disciplinary action.

Stayed

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

Stipulation

The matter is negotiated and settled without going to hearing.

Surrendered

The licensee has surrendered the license. The individual, partnership, or corporation no longer is licensed. The Board, however, may impose discipline against a surrendered license in certain circumstances. Surrender also may require certain conditions be met should the former licensee ever choose to reapply for licensure.

Suspension

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>ARMANDO C. IBARRA, CPA, A PROFESSIONAL CORPORATION; IBARRA, SR., ARMANDO; IBARRA, JR., ARMANDO Chula Vista, CA (COR 4318, CPA 41710, CPA 68766)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Both Mr. Ibarra Sr. and Mr. Ibarra Jr. shall each maintain an active license status.</p> <p>All respondents shall be subject to supervised practice for all audits and reviews.</p> <p>All respondents shall use and maintain published materials and/or checklists consistent with the practice.</p> <p>Mr. Ibarra Sr. shall complete and provide proper documentation of 16 hours of continuing education courses in accounting and auditing subjects. The 16 hours of continuing education are in addition to the hours required for license renewal.</p> <p>All respondents are required to reimburse the Board \$10,205.58 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective December 26, 2008</p>	<p>The respondents admit that on or about December 19, 2006, the Public Company Accounting Oversight Board (PCAOB) revoked Armando C. Ibarra, CPA, A Professional Corporation's registration with the PCAOB and that the PCAOB ordered that Mr. Ibarra Sr. and Mr. Ibarra Jr. were barred from being an associated person of a registered public accounting firm.</p> <p>The respondents also admit that they failed to disclose reportable events to the Board with regard to the PCAOB's investigation and order.</p> <p>Mr. Ibarra Sr. further admits that he failed to complete continuing education requirements and failed to retain continuing education certificates with regard to his renewal application for the period April 1, 2005 to March 31, 2007.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (g), (h), (l), and 5156. California Code of Regulations, Title 16, Division 1, §§ 59, 87 and 89.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>AZAVEDO, ANTHONY JOHN Irvine, CA (CPA 28959)</p> <p>Revocation stayed with five years' probation, via stipulated settlement.</p> <p>Mr. Azavedo's license is suspended for one year.</p> <p>Mr. Azavedo shall maintain an active license even during the period of suspension.</p> <p>Mr. Azavedo shall be prohibited from performing any audit engagements during his term of probation.</p> <p>Mr. Azavedo shall take and pass with a score of 90 percent or better a Board-approved ethics exam within 180 days of the effective date of the order.</p> <p>Mr. Azavedo is required to reimburse the Board \$11,247.81 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p>Effective June 16, 2008</p>	<p>For previous violations of the Accountancy Act and Board regulations, Mr. Azavedo's permit to practice public accountancy was revoked; however, the revocation was stayed and a term of five years of probation was imposed. The discipline imposed included a 60-day period of suspension effective on July 1, 2006.</p> <p>Mr. Azavedo admits that he did not comply with the terms of his probation including the continued practice of public accountancy during the period of suspension by using the CPA designation on accountant's compilation reports, on correspondence, and in preparation of corporation and payroll tax returns.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5050 and 5100 (g).</p>
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<p>BARNETT, TROY RANDALL Mission Viejo, CA (CPA 78116)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Barnett's license is suspended for 30 days.</p> <p>Mr. Barnett shall take and pass with a score of 90 percent or better a Board-approved ethics examination.</p> <p>Mr. Barnett is required to pay the Board an administrative penalty in the amount of \$20,000.</p> <p>Mr. Barnett is required to reimburse the Board \$15,122.04 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective April 28, 2008</p>	<p>For purposes of settlement, Mr. Barnett admits he misappropriated his employer's computer and personnel resources to perform services for his private practice clients fraudulently, without permission of his employer, and without compensating his employer for those resources.</p> <p>Mr. Barnett advertised and engaged in the practice of public accountancy prior to obtaining his CPA certification on October 14, 1999 and continued to practice during the period of November 1, 2002 through September 25, 2003 while he had no practice rights.</p> <p>Mr. Barnett advertised and provided tax and consulting services under the firm name "Barnett & Company Certified Public Accountants" when this name was not registered with the Board.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (k), 5050 (a), 5060, 5055, 5058, and 5058.1. California Code of Regulations, Title 16, Division 1, § 2.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
BERKOWITZ, IRA THEODORE Simi Valley, CA (CPA 22918) Revocation stayed with three years' probation, via stipulated settlement. Mr. Berkowitz is required to reimburse the Board \$8,531.30 for its investigation and prosecution costs. Other standard terms and conditions.	For purposes of settlement, Mr. Berkowitz admits the Internal Revenue Service (IRS) suspended his right to practice before the IRS indefinitely beginning January 9, 2006. Mr. Berkowitz further admits he failed to report the IRS suspension to the Board.	Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100, and 5100 (h).

Effective April 28, 2008

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>BIRNBAUM, RICHARD JAY Tarzana, CA (CPA 38463)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>During the course of probation, Mr. Birnbaum shall retain all client documentation for deductible items reported on client Schedules A and Forms 2106, including telephone messages and memos to Mr. Birnbaum's files that support verbal client information.</p> <p>During the course of probation, Mr. Birnbaum shall retain documentation of contacts with the IRS, California Franchise Tax Board, and/or, other similar out-of-state tax agencies, including telephone messages and memos to Mr. Birnbaum's files that support verbal contacts with the named agencies, regarding client tax return issues for which Mr. Birnbaum renders services.</p> <p>Mr. Birnbaum shall take and pass with a score of 90 percent or better a Board-approved ethics examination within six months of the effective date of the Board's decision.</p> <p>Mr. Birnbaum shall maintain an active license status.</p> <p>Mr. Birnbaum shall perform four hundred hours of approved community service, to be completed three months prior to the end of Mr. Birnbaum's probationary period.</p> <p>Mr. Birnbaum is required to reimburse the Board \$16,979 for its investigation and prosecution costs.</p>	<p>The Accusation charges that Mr. Birnbaum is subject to discipline, in that Mr. Birnbaum committed gross negligence and dishonest acts in the preparation of federal income tax returns, in which Mr. Birnbaum reported false taxpayer information and deductions, and provided other information to the IRS on behalf of two taxpayers that he knew, or should have known, was false.</p> <p>The Accusation further charges that Mr. Birnbaum is subject to discipline, in that Mr. Birnbaum knowingly prepared, published or disseminated false, fraudulent, or materially misleading financial statements, reports, or information to the IRS, including false deductions on the clients' federal income tax returns and false or misleading statements in letters submitted to the IRS on behalf of the clients.</p> <p>Mr. Birnbaum does not admit the charges and allegations but understands and agrees that, at a hearing, the Board could establish a factual basis for the charges in the Accusation.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), (g), and (j). California Code of Regulations, Title 16, Division 1, § 58.</p>

Effective February 23, 2009

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>BORCHARD, WILLIAM PATRICK Chicago, IL (CPA 95968)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Borchard's license is suspended for 30 days.</p> <p>Mr. Borchard shall maintain an active license even during the period of suspension.</p> <p>Mr. Borchard shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Mr. Borchard is required to reimburse the Board \$3,251 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective June 16, 2008</p>	<p>Mr. Borchard admits that the U.S. Securities and Exchange Commission (SEC) imposed discipline against Mr. Borchard by suspending him from the right to practice as an accountant before the SEC.</p> <p>The SEC's disciplinary action stems from the SEC's complaint alleging, among other things, that while employed as a Certified Public Accountant by PriceWaterhouseCoopers LLP (PWC), Mr. Borchard provided a PWC colleague with material, non-public information about six publicly-held companies that Mr. Borchard learned were potential acquisition targets. Mr. Borchard's PWC colleague then traded on the basis of the material, non-public information provided by Mr. Borchard, resulting in Mr. Borchard's PWC colleague reaping ill-gotten gains of over \$20,000. Mr. Borchard consented to the entry of the SEC's Final Judgment without admitting or denying any of the allegations in the SEC's complaint.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).</p>
.....		
<p>DANG, MITCHELL QUAN Winnetka, CA (CPA 82283)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Dang shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Mr. Dang is required to reimburse the Board \$3,450 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective September 1, 2008</p>	<p>Accusation No. AC-2008-3 contains the following allegations:</p> <p>Mr. Dang pled no contest to one felony count of second degree commercial burglary. The felony has since been reduced to a misdemeanor. Mr. Dang stole merchandise from a Nordstrom's Rack department store. Mr. Dang failed to report his conviction to the Board.</p>	<p>Business and Professions Code, Division 1.5, Chapter 3, § 490; Division 3, Chapter 1, §§ 5100 (a) and (k), and 5063.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>DOWNEY, SHIRLIE IRENE Escondido, CA (CPA 70365)</p> <p>Revocation stayed with two years' probation, via stipulated settlement.</p> <p>Ms. Downey shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Ms. Downey shall complete 16 hours of continuing education in addition to the 80 hours required for license renewal.</p> <p>Ms. Downey is required to reimburse the Board \$9,444 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective June 16, 2008</p>	<p>Accusation No. AC-2007-36 contains the following allegations:</p> <p>Ms. Downey was grossly negligent in performing tax resolution services for a client. The client's offer in compromise was never received by the IRS and the offer in compromise forms that were prepared by the respondent contained several errors and inconsistencies. After being disengaged by the client, Ms. Downey also continued to receive and access the client's confidential tax information from the IRS using her power of attorney for personal purposes related to a pending civil action with the client.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 and 5100 (c).</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>FAZIO, JAMES LOUIS Bonita, CA (CPA 51182)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Fazio's license is suspended for 9 months.</p> <p>Mr. Fazio shall at all times maintain an active license status.</p> <p>Mr. Fazio is required to reimburse the Board \$4,019.56 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective September 1, 2008</p>	<p>Mr. Fazio was sanctioned by the Public Company Accounting Oversight Board (PCAOB), an action subjecting his CPA license to discipline. The PCAOB entered the decision and order on December 10, 2007.</p> <p>Without admitting or denying the findings in the PCAOB Order, Mr. Fazio consented to entry of the Order that barred Mr. Fazio from being an associated person of a registered public accounting firm for at least two years.</p> <p>In its order, the PCAOB found that Mr. Fazio had violated certain PCAOB auditing standards in regard to auditing the financial statements of Ligand Pharmaceuticals, Inc. for the year 2003. Mr. Fazio was the Deloitte & Touche, LLP partner assigned to the Ligand engagement, responsible for leading the audit engagement team and authorizing the issuance of the audit report.</p> <p>In conducting the audit, PCAOB later found, among other things, that Mr. Fazio did not adequately assess whether Ligand Pharmaceuticals had the ability to reasonably estimate future product returns. Mr. Fazio did not adequately evaluate the reasonableness of Ligand's estimates of future product returns. Mr. Fazio did not adequately address the subsequent discovery of relevant facts existing at the date of the auditor's report. Mr. Fazio did not identify and appropriately address issues concerning Ligand Pharmaceuticals' exclusion of certain types of returns from its estimates of future returns.</p> <p>The PCAOB Order disclosed that subsequent to the 2003 Ligand audit, Ligand Pharmaceuticals restated its financial statements for the year 2003, recognizing approximately \$59 million less in revenues from product sales than originally reported and reporting a net loss more than 2.5 times the net loss originally recognized in that year.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h) and (l).</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>FERGUSON, DUANE F. Upland, CA (CPA 34598)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Ferguson is required to reimburse the Board \$3,000 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective October 26, 2008</p>	<p>Mr. Ferguson admits the charges in Accusation No. AC-2008-7 which contains the following allegations:</p> <p>Mr. Ferguson consented to suspension from practice before the IRS for an indefinite period commencing May 1, 2007, with the right to petition for reinstatement after 18 months. Mr. Ferguson's suspension by the IRS resulted from the following actions: Mr. Ferguson failed to timely file his Federal Individual Income Tax Returns for the tax years 2001 through 2004 and was delinquent in satisfying a Federal tax obligation in an amount exceeding \$8,600. Mr. Ferguson also failed to timely file his Employer's Quarterly Federal Tax Return for his accounting firm for the period ending September 2005. Mr. Ferguson also had a pattern of untimely payments resulting in tax penalties for failure to deposit and pay taxes for various quarters from December 2001 through June 2005.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h).</p>
.....		
<p>FITZPATRICK, PAMELA ANNE/ FITZPATRICK PROFESSIONAL ACCOUNTANCY, LLP Porterville, CA (CPA 64992, PAR 6986)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Ms. Fitzpatrick's license is suspended for 45 days.</p> <p>Ms. Fitzpatrick shall maintain an active license status.</p> <p>Ms. Fitzpatrick shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p>	<p>Ms. Fitzpatrick admits that on or about November 14, 2005, she was suspended from practice before the Internal Revenue Service (IRS) for a period of 48 months. Ms. Fitzpatrick admits that she failed to notify the Board of her suspension from practice before the IRS.</p> <p>Also, as a partner of Fitzpatrick Professional Accountancy, LLP, Ms. Fitzpatrick admits that her suspension from practice before the IRS subjects the partnership's certificate to discipline.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5063, 5100 (h) and 5101.</p>

(Please see Fitzpatrick, continued to page 35)

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
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**FITZPATRICK, PAMELA ANNE/
FITZPATRICK PROFESSIONAL
ACCOUNTANCY, LLP**
(Cont'd)

Ms. Fitzpatrick shall comply with the Board's procedures regarding notification to clients of suspension from practice.

Ms. Fitzpatrick is required to reimburse the Board \$4,931.75 for its investigation and prosecution costs.

Other standard terms and conditions.

Effective June 16, 2008

GOODELL, JOHN LOUIS
Sacramento, CA
(CPA 35366)

Revocation stayed with three years' probation, via stipulated settlement.

Mr. Goodell shall at all times maintain an active license status with the Board.

Mr. Goodell shall complete 24 hours of continuing professional education, which are in addition to his regular 80-hour renewal requirement.

Mr. Goodell is required to reimburse the Board \$18,000 for its investigation and prosecution costs.

Other standard terms and conditions.

Effective April 28, 2008

For purposes of settlement, Mr. Goodell admits that he was engaged to perform the audit of Marin Schools Insurance Authority (MSIA), a Joint Powers Agency. In his capacity as audit engagement partner, Mr. Goodell committed acts of gross negligence by failing to comply with applicable professional standards in the following respects:

- Mr. Goodell failed to adequately plan the audit or properly supervise his assistants.
- Mr. Goodell relied upon outdated and/or inadequate information to calculate MSIA's liability for workers' compensation claims as well as vision and dental claims resulting in his acceptance of financial statements that included an understatement of liabilities of approximately \$5.1 million.

Business and Professions Code, Division 3, Chapter 1, § 5100 (c).

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>GREENE, KENNETH MARK Simi Valley, CA (CPA 69160)</p> <p>Revocation stayed with one year's probation, via proposed decision.</p> <p>Mr. Greene's license is suspended for 45 days.</p> <p>Mr. Greene shall take and pass with a score of 90 percent or better a Board-approved ethics exam.</p> <p>Mr. Greene is required to reimburse the Board \$4,135.65 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective June 16, 2008</p>	<p>In 2003, for the tax year ending December 31, 2002, while employed as corporate controller for Haas Automation, Inc., Mr. Greene was instructed by Haas' general manager to send an Internal Revenue Service Form 1099-C to Haas' prior corporate controller in the amount of \$314,704. The amount reflected forgiveness of debt on a loan which Haas had made to the prior controller while he was employed by Haas. After receiving the Form 1099-C, the prior controller telephoned Mr. Greene and threatened to inform the IRS of Haas' ongoing tax evasion scheme. Mr. Greene informed Haas' general manager about the telephone call. Haas' general manager then ordered Mr. Greene to amend the Form 1099-C to reflect forgiven debt of only \$3,147, instead of the actual debt that had been cancelled by Haas. Mr. Greene did so, and the false and fraudulent Form 1099-C was forwarded to the IRS.</p> <p>In connection with the false filing of the Form 1099-C, Mr. Greene was convicted on a plea of guilty in United States District Court, for the Central District of California, Western Division, Case No. CR06-04-460 on May 18, 2006.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c) and (j).</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>HANSON, DOUGLAS J. Escondido, CA (CPA 43682)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Hanson's license is suspended for 60 days.</p> <p>Mr. Hanson shall complete 24 hours of additional continuing education courses as specified by the Board.</p> <p>Mr. Hanson shall take and pass with a score of 90 percent or better a Board approved ethics course.</p> <p>Mr. Hanson shall at all times maintain an active license status with the Board, including during any period of suspension.</p> <p>Mr. Hanson is required to reimburse the Board \$4,316.22 for its investigation and prosecution costs.</p> <p>Mr. Hanson shall not engage in practice until proper notification is given to the Board by a duly licensed health care professional that Mr. Hanson is mentally and physically fit to practice.</p> <p>Other standard terms and conditions.</p> <p>Effective December 26, 2008</p>	<p>Mr. Hanson's license expired on May 1, 2007. The Board conducted a practice investigation on September 19, 2007 and determined that Mr. Hanson was operating a public accountant business.</p> <p>Further, Mr. Hanson failed to obtain required continuing education, failed to comply with professional standards in a compilation engagement, and failed to notify the Board of his address change.</p> <p>Mr. Hanson admits the truth of each and every charge and allegation in Accusation No. AC-2008-8.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5050 and 5100 (g). California Code of Regulations, Title 16, Division 1, §§ 3(a), 52(a), 58, 87, 94, 95.4.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>HIMMELMANN, WILLIAM EDWARD/ W.E. HIMMELMANN & CO. Sacramento, CA (CPA 49096, FNP 681)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Himmelmann's license is suspended for 120 days.</p> <p>Mr. Himmelmann shall at all times maintain an active license status with the Board.</p> <p>Mr. Himmelmann shall take and pass with a score of 90 percent or better a Board-approved ethics examination prior to the end of the suspension period.</p> <p>Mr. Himmelmann is required to reimburse the Board \$8,165.86 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective April 28, 2008</p>	<p>For purposes of settlement, Mr. Himmelmann admits, as set forth in the Accusation, that he is subject to discipline for unprofessional conduct in that he committed repeated negligent acts and gross negligence in the practice of public accountancy.</p> <p>Mr. Himmelmann engaged in unprofessional conduct in his capacity as successor trustee for the S. Trust. Mr. Himmelmann's trusteeship became effective on December 26, 2003. Despite repeated requests to fulfill his obligations as successor trustee, both orally and in writing, and repeated assurances by Mr. Himmelmann that he would do so, he waited until July 26, 2006, to complete the Trust tax returns for tax years 2003, 2004, 2005, and to issue Schedules K-1, and did so only after a complaint was filed with the Board.</p> <p>Mr. Himmelmann further admits that he is subject to discipline in that he willfully engaged in the practice of public accountancy with an expired license, failed to return client records to H.W. and failed to respond to Board inquiries regarding H.W.'s complaint.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5037, 5050, 5100 (c) and (g). California Code of Regulations, Title 16, Division 1, §§ 52 (a) and 68.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>PORTER, GARY ALLEN and PORTER & COMPANY Ventura, CA (CPA 19350 and FNP 670)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Porter shall waive all fees related to the June 30, 2005 audit of Inverness Public Utility District.</p> <p>Mr. Porter shall complete 40 hours of additional continuing education courses in accounting and auditing as specified by the Board.</p> <p>Mr. Porter shall annually provide the Board with a listing of all audit and review engagements planned for the subsequent 12 month period, along with the respective due dates. From the list, the Board will select five audit or review engagements whose work papers and final reports shall be reviewed by a qualified outside CPA approved by the Board.</p> <p>All audit, review and compilation reports and work papers are subject to review by a certified peer reviewer approved by the California Society of CPA's.</p> <p>Mr. Porter is prohibited from conducting audit engagements for governmental and non-profit entities, with the exception of not-for-profit home owners' associations.</p> <p>Mr. Porter is required to reimburse the Board \$12,163.75 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective February 23, 2009</p>	<p>Accusation No. AC-2008-11 contains the following allegations:</p> <p>Respondents committed gross negligence and violated professional standards in performing audits of a governmental entity for the fiscal years ended June 30, 2004 and June 30, 2005. Respondents issued unqualified auditor's opinions although significant portions of the financial statements and note disclosures did not comply with GASB 34. Additionally, Respondents failed to exercise due care in the June 30, 2005 audit since the net assets on the Statement of Activities did not equal the net assets on the Combined Balance Sheet.</p> <p>Mr. Porter as well as an auditor working for Porter & Company were not qualified to perform governmental audits since they had not completed requisite continuing professional education specified by GAGAS.</p> <p>During the investigation, Mr. Porter submitted to the Board additional audit report packages issued for other governmental entities for fiscal years ended June 30, 2005 and June 30, 2006. The audit report packages for four of these entities contained departures from professional standards, including noncompliance with GASB 34, omissions from reporting standards, use of obsolete references in the independent auditor's reports, and other note disclosure deficiencies.</p> <p>Mr. Porter failed to exercise due professional care upon discovery of the deficiencies.</p> <p>Mr. Porter agrees that if proven at hearing, the above allegations constitute cause for discipline.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c), 5062. California Code of Regulations, Title 16, Division 1, §§ 58 and 87(b).</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>RUTH, CHRISTOPHER ALAN Los Alamitos, CA (CPA 30263)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Ruth shall at all times maintain an active license status with the Board.</p> <p>Mr. Ruth is required to reimburse the Board \$1,567.11 for its investigation and prosecution costs.</p> <p>Other standard terms of probation.</p> <p>Effective April 28, 2008</p>	<p>For purposes of settlement, Mr. Ruth admits he was suspended from practice before the Internal Revenue Service for a period of 18 months as a result of his failure to timely file his federal individual income tax returns for the tax years 2000 to 2004.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (h).</p>
<p>SNYDER, DAVID MICHAEL AND SNYDER ACCOUNTANCY A PROFESSIONAL CORPORATION Carmel Valley, CA (CPA 50228 and COR 3515)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. Snyder's license and the corporation's license are suspended for 60 days.</p> <p>Mr. Snyder shall complete 24 hours of professional education courses (CPE) related to auditing within the first 18 months of the probationary period. The CPE shall be in addition to the CPE requirement for license renewal.</p> <p>Work papers and audited financial statements for any audit are to be reviewed by an outside CPA who is approved by the Board or its designee at Respondents' expense before the release of the audit report.</p> <p>Mr. Snyder is required to reimburse the Board \$11,925.28 for its investigation and prosecution costs.</p> <p>Respondents shall at all times maintain active license status with the Board.</p> <p>Other standard terms and conditions.</p> <p>Effective October 26, 2008</p>	<p>For purposes of settlement, Mr. Snyder admits he was the engagement partner for Snyder Accountancy, and that he issued and signed for Snyder Accountancy, the auditor's report for their audit of the City of San Juan Bautista for the year ended June 30, 2002.</p> <p>For purposes of settlement, both Respondents admit:</p> <ul style="list-style-type: none"> · Gross negligence in planning, execution, and documentation of the audit of the City of San Juan Bautista for the year ended June 30, 2002. · The auditor issued an audit report that did not conform to professional standards. 	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5062, 5100 (c), (g), and 5156. California Code of Regulations, Title 16, Division 1, §§ 52 and 58.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>TSAI, EVAYI-FANG and E-FANG ACCOUNTANCY CORPORATION with EVA YI-FANG TSAI as SOLE SHAREHOLDER City of Industry, CA (CPA 81126 and COR 5055)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>The licenses for Ms. Tsai and E-Fang Accountancy Corporation with Ms. Tsai as sole shareholder are suspended for 30 days.</p> <p>All of the respondents' audit, review and compilation reports and work papers are subject to peer review.</p> <p>All work papers and draft reports for audit engagement undertaken by the respondents are subject to review by a qualified outside CPA approved by the Board.</p> <p>Ms. Tsai shall complete 40 hours of additional continuing education courses in accounting and auditing as specified by the Board.</p> <p>Respondents are required to reimburse the Board \$9,948.21 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective December 26, 2008</p>	<p>Ms. Tsai and E-Fang Accountancy Corporation with Ms. Tsai as sole shareholder (respondents) admitted to committing gross negligence, violated professional standards, and failed to issue a report in accordance with professional standards in performing an audit of a securities firm for the fiscal year ended December 31, 2005.</p> <p>The final audit report issued by the respondents varied significantly from the AICPA's professional standards as follows:</p> <ul style="list-style-type: none"> · The report contained typographical errors; · The report failed to give an opinion on various financial statements, including results of operations, and cash flows; · Supplementary schedules were omitted; · A supplemental report on internal control was omitted; · The balance sheet overstated the current asset "Securities Owned at Fair Value" by \$540,000 due to the respondents' failure to compute and adjust the book value to fair value for the year ending December 31, 2005. <p>The Accusation also alleged that the respondents 1) understated the auditee's "current liability account held temporarily for customer" and "current asset account held temporarily for customer" resulting from an improper audit adjustment in the amount of \$582,761 and 2) overstated "commission income" and "operating expenses" in the amount of \$250,000 for two transactions that were external to the auditee. However, the respondents did not admit to these specific allegations and charges in this stipulated settlement.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5100 (c) and 5062. California Code of Regulations, Title 16, Division 1, § 58.</p>

Other Enforcement Actions 4/28/08 through 2/23/09

Name/Board Actions	Cause for Discipline	Violation(s) Charged
<p>van HAASTER, JACK FRANCIS Murrieta, CA (CPA 34130)</p> <p>Revocation stayed with three years' probation, via stipulated settlement.</p> <p>Mr. van Haaster shall take and pass with a score of 90 percent or better a Board approved ethics examination.</p> <p>Mr. van Haaster is required to reimburse the Board \$6,500 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions.</p> <p>Effective October 26, 2008</p>	<p>Accusation No. AC-2008-16 contains the following allegations:</p> <p>On September 21, 2007, Mr. van Haaster pled guilty to violating Penal Code section 115 (Offering False Instrument for Filing), a felony, and Government Code Section 87100 (Public Official/Financial Interest), a misdemeanor. Mr. van Haaster was sentenced to three years formal probation; ordered to serve 30 days in county jail, to be served on consecutive weekends; perform 500 hours of community service; and pay a restitution fine of \$9,000.</p> <p>The circumstances that led to the felony conviction occurred in 2002 while Mr. van Haaster was a Murrieta City Council member and required to file a Form 700, Statement of Economic Interest, with the City Clerk of Murrieta. He failed to disclose on the Form 700 a loan he received from a source doing business in the City of Murrieta, a loan payment he received from a source doing business in the City of Murrieta, and a financial interest he had in his daughter's daycare business located in the City of Murrieta.</p> <p>The circumstances that led to the misdemeanor conviction are that in 2004, while Mr. van Haaster was the Mayor of Murrieta, he voted on road improvements near a property in which he and his daughter had a financial interest.</p>	<p>Business and Professions Code, Division 1.5, Chapter 3, Section 490, and Division 3, Chapter 1, Sections 5100(a) & (j).</p>

ADDRESS CHANGE FORM

A separate address change form must be submitted for each license type.

PLEASE PRINT

Name of Applicant for Licensure

Last	First	Middle

Name of Licensee

Individual (CPA/PA) - License No. _____

Last	First	Middle

Name of Firm

☐ Corporation ☐ Partnership ☐ Fictitious Name License No. _____

Firm Name		
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NEW Address of Record (An Address of Record is Required)

Be advised that if you are a licensed CPA/PA or firm, your address of record is public information, and all Board correspondence will be sent to this address.

☐ Home ☐ Business (check one)

--	--	--

Business Name (if different from name above)

--	--	--

Street ☐ Apt. # ☐ Suite # (check one)

--	--	--

City State Zip

Former Address of Record

--	--	--

Street ☐ Apt. # ☐ Suite # (check one)

--	--	--

City State Zip

Alternate Address for Mail Drops and PO Boxes

If your address of record is a PO Box or Mail Drop, you are required to provide a street address. This address will not be posted on the Board's Web License Lookup.

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Street ☐ Home ☐ Business (check one) ☐ Apt. # ☐ Suite # (check one)

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City State Zip

Daytime Phone Number

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Area Code

You may confirm your change of address on License Lookup at www.cba.ca.gov.

I certify the truth and accuracy of all of these statements and representations.

Signature _____ Date _____

Print your name _____

A licensee who fails to notify the California Board of Accountancy within 30 days of a change of address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

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Department of Consumer Affairs
California Board of Accountancy

Update **Issue #61**

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